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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/931,149	08/16/2001	David Rios	016422/142	3143

7590
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02/08/2007

EXAMINER

WEIS, SAMUEL

ART UNIT

PAPER NUMBER

3691

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
3 MONTHS	02/08/2007	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

Office Action Summary	Application No.	Applicant(s)	
	09/931,149	RIOS ET AL.	
	Examiner	Art Unit	
	Samuel S. Weis	3691	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 16 August 2001.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-75 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-39, 52-58, 64, 72 and 75 is/are rejected.
- 7) ☒ Claim(s) 3-14, 21-25, 27-33, 35, 36, 40-51, 59-63, 65-71, 73, and 74 is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 16 August 2001 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>See Continuation Sheet</u> . | 6) <input type="checkbox"/> Other: _____ |

Continuation of Attachment(s) 3). Information Disclosure Statement(s) (PTO/SB/08), Paper No(s)/Mail Date :11/19/2001, 1/31/2003, 11/14/2003.

DETAILED ACTION

1. This is in response to the application filed August 16, 2001. Claims 1-75 have been examined.

Claim Objections

2. Claims 3-14, 21-25, 27-33, 35, 36, 40-51, 59-63, 65-71, 73, and 74 are objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims.

Claim Rejections - 35 USC § 112

3. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

4. Claims 16-37 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. These claims are directed toward a system, however there is no structural element recited in the claim. The claims are rendered indefinite as a person of ordinary skill in the art cannot determine what the system is comprised of.

Claim Rejections - 35 USC § 101

5. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

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6. Claims 1-15 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claims are directed to nothing more than abstract ideas. To be eligible for a patent, claims that set forth subject matter by a judicial exception (i.e. abstract idea) must be for a practical application. A practical application results if the claimed invention transforms an article or physical object to a different state or thing or if the claimed invention produces a useful, concrete or tangible result. However, claims 1-15 fail to transform an article or physical object to a different state or thing and the claimed invention as shown by claims 1-15 fail to produce a useful, concrete or tangible result as discussed in detail below.

As to claims 1-15, the claims are directed to a method for managing a mortgage-backed securities index. However, the claims contain no physical structure. The claims recite various limitations as abstract ideas. It does not appear that the claim is directed to a practical application of a judicial exception. In order for the claim to be directed to a practical application of a judicial exception, a useful, concrete and tangible result is produced. In order for the claim to be tangible the claim must set forth a practical application to produce a real world result. Claims 1-15 do not produce a real world result. Therefore, the claims are non statutory.

7. Claims 16-37 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. These claims are directed toward a system however there is no accompanying structure for this system in the claimed language. It appears that the claims are directed toward software. Software, programming, instructions or code not claimed as encoded on computer readable media are

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descriptive material per se and are not statutory because they are not capable of causing functional change in a computer. When such descriptive material is recorded on some computer readable medium it becomes structurally and functionally interrelated to the medium and will be statutory in most cases.

Claim Rejections - 35 USC § 102

8. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

9. Claims 1, 2, 15, 38, 39, 52, and 53 are rejected under 35 U.S.C. § 102(b) as being anticipated by “MBS Index Returns: A Detailed Look” by Dynkin et al. (hereinafter, “MBS”), Journal of Fixed Income, March 1999.

As to claim 1, MBS discloses a method for managing a mortgage-backed securities index, comprising the steps of:

a. selecting a set of mortgage-backed securities to be included in said mortgage-backed securities index, said set of mortgaged-backed securities being selected from all outstanding mortgage-backed securities (first the set of securities that will compose the index at any given time is identified according to a fixed set of rules; p.9);

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b. assigning a relative weight to each security within said selected set, said relative weight being a relative proportion of total outstanding principal on said each security to the total outstanding principal on all securities within said selected set (the amount outstanding for each generic is set to the sum of the included pools; statistics such as weighted-average maturity and weighted-average coupon are market-weighted averages of the individual pool data; p. 10)

c. calculating a total return of said mortgage-backed securities index, said total return being based on said assigned relative weight for said each security, and a total return of said each security based on a same-day-settle price (the index return is calculated as a market-weighted average of individual security returns; p. 9).

As to claim 2, MBS discloses the method of according to claim 1, wherein said step of selecting a set of mortgage-backed securities further comprises steps of:

a. aggregating said all outstanding mortgage-backed securities in to a plurality of pools, each of said pools comprising mortgage-backed securities having the same coupon and the same original term (to build an index, groups of similar pools are therefore combined to form a more manageable set of generic aggregates; p.9) and

b. calculating an inclusion criteria for each pool within said plurality of pools (Lehman Brothers has developed a set of conventions that lead to a well-behaved index; p.9).

As to claim 15, MBS discloses the method of according to claim 1, further comprising a step of rebalancing said index by repeating said steps of selecting a set of mortgage-backed securities to be included in said mortgage-backed securities index, assigning said relative weight to each security within said selected set, and calculating

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said total return of said mortgage-backed securities index (the relative weight of a particular generic may change significantly in the course of a single year. Because higher coupons prepay quickly and most new issuance is at market level, the MBS index composition tends to gravitate toward current coupon; p. 17).

As to claim 38, MBS discloses a mortgage-backed securities index, comprising: set of mortgage-backed securities, said set of mortgaged-backed securities being selected from all outstanding mortgage-backed securities; wherein a relative weight is assigned to each security within said selected set, said relative weight being a relative proportion of total outstanding principal on said each security to the total outstanding principal on all securities within said selected set, and wherein said mortgage-backed securities index is characterized by a total return of said mortgage-backed securities index, said total return being calculated based on said assigned relative weight for said each security, and a total return of said each security based on a same-day-settle price (See claim 1; p. 9 and 10 of MBS).

As to claim 39, MBS discloses the index according to claim 38, wherein said selected set of mortgage-backed securities is selected by aggregating said all outstanding mortgage-backed securities into a plurality of pools, each of said pools comprising mortgage-backed securities having the same coupon and the same original term; and calculating an inclusion criteria for each pool within said plurality of pools (See claim 2; p. 9 of MBS).

As to claim 52, MBS discloses the index according to claim 38, wherein said index is rebalanced by of selecting a new set of mortgage-backed securities to be

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included in said mortgage-backed securities index, assigning said relative weight to each security within said new selected set, and calculating a new total return of said mortgage-backed securities index (See claim 3; p. 17 of MBS).

As to claim 53, MBS discloses the index according to claim 52, wherein said index is rebalanced on a last business day of each month (for return calculations, membership in the MBS index is fixed once a month (on the last business day of the previous month; p. 19).

Claim Rejections - 35 USC § 103

10. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

11. Claims 16-20, 26, 34, 37, 54-58, 64, 72, and 75 are rejected under 35 U.S.C. 103(a) as being unpatentable over "MBS Index Returns: A Detailed Look" by Dynkin et al. (hereinafter, "MBS"), Journal of Fixed Income, March 1999, in view of Ricketts et al., U.S. Pat. No. 5,930,701 (hereinafter, Ricketts).

As to claims 16 / 54, MBS does not explicitly disclose a system / computer program for managing a mortgage-backed securities index.

However, Ricketts teaches a computer implemented method and system for determining investor participation driven stock purchase indices (Abstract). Customer

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trading data is received, aggregated, and processed to produce moving averages, stock purchase indices, and stock rankings. Therefore, it would have been obvious to one of ordinary skill in the art at the time of Applicants' invention to include the aforementioned limitations as disclosed by Ricketts within MBS for the motivation of utilizing a computer to manage the mortgage-backed securities index.

As to claims 17 / 55, MBS does not explicitly disclose the system / computer program according to claims 16 / 54, further comprising a storage means / segment, said storage means / segment storing data circulated within said system.

However, Ricketts teaches "an embodiment where the invention is implemented using software, the software may be stored in a computer program product and loaded into a computer system using removable storage drive, hard drive, or communications interface" (Col. 28, lines 54-58). Therefore, it would have been obvious to one of ordinary skill in the art at the time of Applicants' invention to include the aforementioned limitations as disclosed by Ricketts within MBS for the motivation of adding a storage means.

As to claims 18 / 56, MBS does not explicitly disclose the system / computer program according to claims 16 / 54, further comprising a classification means / segment, said classification means / segment classifying said data for all outstanding mortgage-backed securities in accordance with a coupon value, issuing agency and original term of each of said outstanding mortgage-backed securities.

However, MBS discloses a mortgage-backed securities index which classifies MBS generics into the three most important dimensions: agency /program (sector,

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coupon, and origination year (p. 10). Therefore, and also for the reasons stated above for claims 16/ 54, it would have been obvious to one of ordinary skill in the art at the time of Applicants' invention to include the aforementioned limitations as disclosed by Ricketts within MBS for the motivation of adding a classification means / segment.

As to claims 19 / 57, MBS does not explicitly disclose the system / computer program according to claims 18 / 56, further comprising an aggregation means / segment, said aggregation means / segment aggregating said outstanding mortgage-backed securities into a plurality of aggregated pools.

However, MBS discloses a mortgage-backed securities index, which creates generic aggregate pools (p.10). Therefore, and also for the reasons stated above for claims 16/ 54, it would have been obvious to one of ordinary skill in the art at the time of Applicants' invention to include the aforementioned limitations as disclosed by Ricketts within MBS for the motivation of adding an aggregation means / segment.

As to claims 20 / 58, MBS does not explicitly disclose the system / computer program according to claims 19 / 57, wherein said selection means further comprises means for calculating an inclusion criterion for each of said aggregated pools.

However, MBS discloses a mortgage-backed securities index, which consists of a set of generic securities, derived from the universe of agency-backed pools (p. 17). These generics have to satisfy the rules for index inclusion (p. 17). Therefore, and also for the reasons stated above for claims 16/ 54, it would have been obvious to one of ordinary skill in the art at the time of Applicants' invention to include the aforementioned

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limitations as disclosed by Ricketts within MBS for the motivation of calculating an inclusion criterion for each of said aggregated pools.

As to claims 26 / 64, MBS does not explicitly disclose the system / computer program according to claims 16 / 54, wherein said total return means / segment further comprises means / segment for calculating said total return of said each security within said selected set.

However, MBS discloses a mortgage-backed securities index, which includes a realized return consisting of two parts – the return on the portion of the initial investment that is still in securitized form, and the return on the portion paid out as cash (p.15). Therefore, and also for the reasons stated above for claims 16/ 54, it would have been obvious to one of ordinary skill in the art at the time of Applicants' invention to include the aforementioned limitations as disclosed by Ricketts within MBS for the motivation of adding an total return means / segment.

As to claims 34 / 72, MBS does not explicitly disclose the system / computer program according to claims 16 / 54, further comprising level means / segment, said level means / segment determining a level of said mortgage-backed securities index.

However, MBS discloses a mortgage-backed securities index where performance over a hypothetical three-year period is calculated (Exhibit 10; p. 20). Therefore, and also for the reasons stated above for claims 16/ 54, it would have been obvious to one of ordinary skill in the art at the time of Applicants' invention to include the aforementioned limitations as disclosed by Ricketts within MBS for the motivation of calculating the total return of the index over the life of the index.

As to claims 37 / 75, MBS does not explicitly disclose the system / computer program according to claims 34 / 72, further comprising an output means / segment, said output means / segment displaying said level of said mortgage-backed securities index and said total return of said mortgage-backed securities index to the user.

However, Ricketts teaches a stock purchase indices with a graphical user interface (Abstract). The graphical user interface allows a user to view the stock purchase index in conjunction with other indices and filter the data to select the results based on business sector, exchange, period, etc. (Col. 6, lines 5-30). Therefore, and also for the reasons stated above for claims 16/ 54, it would have been obvious to one of ordinary skill in the art at the time of Applicants' invention to include the aforementioned limitations as disclosed by Ricketts within MBS for the motivation of including an output means.

Conclusion

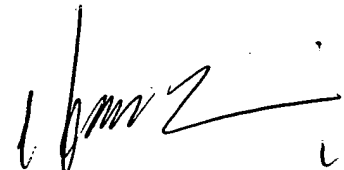
Any inquiry concerning this communication or earlier communications from the examiner should be directed to Samuel S. Weis whose telephone number is (571) 272-2025. The examiner can normally be reached on 8:30 to 5, Monday - Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571) 272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Samuel S. Weis



HANI M. KAZIMI
PRIMARY EXAMINER